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CUBAN SUGAR HARVEST DOWN FOR THE SECOND SUCCESSIVE YEAR

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CUBAN SUGAR HARVEST DOWN FOR THE SECOND SUCCESSIVE YEAR

For the second successive year, Cuba is faced with the prospect of a poor sugar harvest. Depending on certain factors that cannot be known with precision (for example, the timing of the rainy season, the relative success in mobilizing labor for harvesting, and the validity of sugar crop statistics published by the regime), Cuban production of raw sugar in 1963 probably will fall within a range of 4.0 million to 4.7 million metric tons (mt). [redacted] have reported their expectation that the crop may fall below 4 million mt, but a careful review of all information now available suggests that if weather conditions are favorable, a yield of approximately 4.3 million to 4.5 million mt could result. 25X1C 25X1C 25X1C

An output of 4.5 million mt during the "Third Peoples Harvest" would be in sharp contrast to the near-record crop of 6.8 million mt achieved during the "First Peoples Harvest" in 1961. Not only does the outlook for 1963 indicate a decline of about one-third from the crop of 1961, but also it indicates a decline of almost one-fourth from the average production of the last 5 years and a decline of more than 5 percent from the very poor harvest of 1962.

First and Second Peoples Harvest

The regime was able to bring in a near-record crop in 1961 by cutting all available cane standing in the fields. This was contrary to the usual practice of leaving significant amounts of cane standing from one year to the next in deference to the former sugar marketing quotas that permitted Cuba to market only a certain amount of raw sugar. In addition, the regime successfully mobilized an army of volunteer canecutters in 1961 and thereby overcame a labor shortage caused by a draining away of former experienced cutters into the militia, industry, and other agricultural work.

For a myriad of reasons the "Second Peoples Harvest" in 1962 resulted in a sugar crop well below the previous year. In an attempt to diversify agriculture in 1961, about 10 percent of the cane area had been replanted to other crops. There was no cane carryover in 1962 as there had been in 1961. In addition, by the time of the harvest of 1962 the enthusiasm of the volunteers had worn off, and the regime experienced great difficulty in procuring sufficient manpower for harvesting the cane. In many areas the condition of the cane in 1962 generally was poorer owing to rootstock damage inflicted in 1961 by the inexperienced volunteer cutters. Furthermore, replanting of new cane had been insufficient to compensate for the decreased productivity of old cane, and normal cultivating practices were not carefully observed. Finally, but not least important, Cuba experienced a severe drought during the cane-growing season leading up to the harvest of 1962.

As a result of these factors, the total amount of sugarcane harvested in Cuba in 1962 dropped from the previous year's total of 52.4 million mt to only 36.7 million mt. The average production of cane during the previous 5 years had been about 48 million mt. It must be noted, however, that the reduction in sugar content can be explained by the effect of the drought, which produced a crop of cane with lower moisture content. A greater proportionate share of the weight loss of the cane was due to a reduced moisture content than to a reduced sugar content. On an equal-moisture basis, with the assumption of a normal yield of 12.5 percent, the weight of cane harvested in 1962 would have been about 38.5 million mt. After allowance for the reduction of 10 percent in standing cane that occurred after the harvest of 1961, it can be seen that on an equal-moisture basis the cane deteriorated 11 percent in weight from 1961 to 1962.

Means for Improving on 1962

Following the discouraging experience of 1962, the Castro regime announced an intensive campaign to increase output of sugar, with the stated aim of arriving at a level of output of 7 million mt in 1965. In order to compensate for the normal aging of the cane and to make up for the reduction of 10 percent in cane land that had occurred after the harvest of 1961, the regime established a goal for cane replanting

of 200,000 hectares, representing about 20 percent of the existing cane land. By the end of the year, only 160,000 hectares actually were replanted. Moreover, only about a third of the total replanted, equivalent to about 5 percent of the total cane land, was planted early enough in 1962 to be harvestable during the current (1963) season. It is to be noted, however, that more than 40 percent of the total new planting in Cuba in 1962 was done in the province of Oriente, which invariably leads the country in the rate of sugar extraction. Oriente has produced only about 25 percent of the total sugar in Cuba in the past, and this allocation to Oriente of more than 40 percent of the total area replanted indicates a significant shift in locus of the sugar cane from areas of low yield to areas of high yield.

The shortage of skilled harvesting manpower has led the regime to three innovations aimed at curtailing inefficient and wasteful harvesting operations. The first of these innovations involves an attempt to utilize "volunteer" manpower more efficiently by establishing a core of 50,000 permanent volunteer workers. Last year, volunteers were used on a temporary basis, usually on weekends or perhaps for 2-week stretches. This procedure severely strained the transportation facilities of the country, and, in addition, the high level of labor turnover resulted in great losses of time and a high degree of inefficiency. This year the policies of the regime for the utilization of labor generally appear to be more rational than those of last year. The regime is stressing a division of labor wherein the experienced canecutters will do most of the actual cutting, while the inexperienced volunteers are to concentrate on the stacking, loading, and hauling of the cane. The regime, however, has not yet been able to resolve the problem of obtaining sufficient skilled labor to achieve the desired rate of harvesting.

The second innovation was a program aimed at the building of 1,000 canecutting machines. Optimistically, these machines were expected to cut about 15 percent of the cane in the harvest of 1963. By the start of this harvest, however, few of the mechanical canecutters had become operational, and it appears that only an insignificant amount of cane will be cut with these machines during the current harvest season. The size of the labor force needed to bring in the crop, therefore, will not be reduced significantly from last year. One factor militating against the use

of canecutting machines is the requirement that the terrain be rather flat and free from rocks, tree stumps, and other obstructions. Most Cuban cane land does not fit this description. This year the principal value to the regime of the cutting-machine experiment will be in determining which areas of cane land are amenable to the use of the machines and in establishing what alterations must be made in both the cane land and the machines themselves.

The third innovation is an attempt to increase the incentives of the canecutters by establishing new wage rates based on the amount of cane cut and gathered. This year the greater the amount of cane cut and gathered, the greater will be the pay for each unit of cane cut and gathered. Last year, by contrast, the pay per unit of weight was constant no matter what the amount of cane cut might have been. In view of the shortage of manufactured consumer goods and the rationing of food, however, the resulting increase in incentives may not be as great as hoped for by the regime.

The regime has dismantled eight mills since last year's harvest, but this reduction in the number of mills is not expected to affect the harvest in 1963. The dismantled mills were small marginal units that together represented less than 3 percent of the total grinding capacity of the country. The total grinding capacity in Cuba is well in excess of requirements, and thus the reduction of 3 percent will not be significant. A reduction in the number of mills had been under consideration well before the present regime assumed power. Available evidence indicates that the 152 remaining sugar mills are generally in adequate physical condition and that mill breakdowns should not materially affect the present harvest. Should spare parts and machinery become necessary, many items could be obtained by cannibalizing from the eight dismantled mills.

Prospects for 1963

This year the regime has publicly announced an estimate of 36.1 million mt of standing cane. This figure corresponds closely to intelligence estimates independently derived and represents a decrease of 6 percent from the equal-moisture weight of last year of 38.5 million mt. In view of the fact that in general the same harmful factors of careless cultivation

and detrimental harvesting operations which accelerated the normal depreciation in weight of cane from 1961 to 1962 still prevail, a corresponding decrease in weight of cane would have been expected between 1962 and 1963. In preparation for the harvest of 1963, however, about 5 percent of the cane land had been replanted in cane, whereas no replanting had been done in preparation for the harvest of 1962. The replanting of new cane apparently has contributed to a depreciation rate significantly lower than that of last year.

Although the estimate publicized by the regime appears to be generally reasonable, the question of how much of the available standing cane can be harvested and ground at the mill remains. The harvesting operations are performed during the dry season of the year, which occurs usually from the middle of January to the middle of May. Once the rainy season starts, the harvesting operations normally stop. Last year the rains did not start until June, thereby significantly extending the harvesting period. This year the regime officially started the harvesting season on 10 January, and until the middle of February, in terms of both the amount of cane cut and the amount of sugar produced, the regime was well ahead of last year at the same time. During the second half of February, however, unusually heavy rainfall occurred over many parts of Cuba, with a consequent sharp decline in harvesting operations. Through about 20 February the cumulative amount of raw sugar produced dropped below that of the same date of last year. If these unusual rains continue to plague the harvesting operations during the normal dry season or if the rainy season starts early this year, Cuban output of raw sugar could be substantially below expected levels.

By the beginning of March the amount of harvested cane reached about 10.8 million mt, equivalent to about 30 percent of the estimated total weight of standing cane. At the same time last year, about 10.5 million mt had been harvested. Because of a lower yield this year compared with last year, however, the amount of raw sugar produced up to the beginning of March reached about 1.2 million mt, whereas last year the amount reached 1.3 million mt. This year the yield of sugar from cane by the beginning of March reached 11 percent. Last year at the same time, the yield was 12.1 percent.

Last year by the beginning of March, 160 Cuban sugar mills were in operation. This year, in contrast, only 137 mills were in operation out of a total of 152 mills. Moreover, according to Cuban reports this year, four mills had "successfully" completed their harvesting operations before the beginning of March. Therefore, it appears that 11 mills had not started operations and that 4 mills had completed operations by the beginning of March of this year, whereas last year all mills were in operation by the beginning of March.

During February an average daily harvest of about 0.3 million mt of cane was achieved in spite of unusual rainfall and the absence of some mills. If the rate continues -- although it is a relatively low rate (even last year the harvesting rate was 10 percent higher) -- all the estimated 25.3 million mt of cane remaining in the fields will be cut by 24 May. The exact starting date of the rainy season, however, varies from year to year and, to some degree, according to location in Cuba. The actual amount of cane that Cuba can harvest and grind this season will depend to a large extent on how soon the rains start in May.

The actual percentage yield of sugar from the cane will depend on many factors. The sugar content of the cane builds up to a peak late in March and early in April and then falls. The longer the harvesting operations extend past April, the lower the yields are expected to be. The sugar content of the cane also decreases from the time of cutting to the time of milling. Thus the longer it takes for the cut cane to be transported to the mills and then to be ground, the lower will be the yield. The actual yield this season, therefore, will depend to a great extent on the efficiency of the cane harvesters.

Some of the factors that contributed to a reduction in the amount of cane standing also will contribute to a certain reduction in the sugar content of the cane. This downward tendency, however, probably has been offset by the shift in locus of the cane area to Oriente, the province that produces cane with the highest sugar content. According to estimates by the regime of the standing cane in the various provinces, Oriente appears to have achieved an increase of 10 percent in the weight of the standing cane in comparison with last year. In view of these offsetting factors and in view of the fact that weather conditions

in Cuba during the cane-growing season were approximately normal, in particular with regard to rainfall throughout the island, a yield approximating normal can be expected.

The normal yield of 12.5 percent applied to the estimated total standing cane crop of 36.1 million mt would result in total production for 1963 of 4.5 million mt. If the yield does depart from the normal, it is highly unlikely to reach a level lower than the lowest yield reached since 1950 (12.1 percent) or higher than the highest yield reached since 1950 (13.1 percent). This range of yield results in an estimated range of production of 4.4 million to 4.7 million mt on the basis of a cane harvest of 36.1 million mt. If the estimate of standing cane exceeds the amount of cane actually cut and ground by as much as 10 percent (either because the original estimate was exaggerated or because all the standing cane could not be harvested), the range of production becomes 4.0 million to 4.3 million mt.

Weakness in Certain Estimates

Recent reports that production of sugar will be extremely low (containing estimates ranging as low as 2.5 million mt) must be treated with reserve. Similar low estimates were made last year by the same sources, [redacted] Experience to date indicates that low forecasts of Cuban production of sugar by refugees and brokers are likely to be based on reasons that are less than objective. 25X1C

In addition, any estimate of final production based on the initial yields of sugar during the present harvest is virtually certain to be misleading. The percentage yields calculated by dividing the total sugar produced by the total cane cut up to a certain time always are low in the initial stages of the harvest. The main reason for this discrepancy is that there is a time lag between cutting the cane and extracting the sugar, but this lag becomes less significant as the total amount of processed cane becomes greater. In addition, the sugar content of the cane builds up to a peak in March and April before falling again.

The fact that the provinces at present are not fulfilling their norms should not necessarily be taken as an indication that not all the cane will be cut. The norms are set with an eye toward completing the harvesting operations within about 80 days. The harvesting season, however, could last as long as 140 days, depending on the start of the rainy season. Moreover, as the harvest proceeds and as more mills come into operation, the percentage of the norm that is cut and processed usually increases.

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